

**BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001**

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY**

**Complaint on Priority Mail Rates**

**Docket No. C2001-2**

**DOUGLAS F. CARLSON  
COMPLAINT ON PRIORITY MAIL RATES**

**January 8, 2001**

**NAME AND ADDRESS OF COMPLAINANT**

1. Complainant is Douglas F. Carlson, PO Box 7868, Santa Cruz CA 95061-7868.

**STATEMENT OF GROUNDS FOR COMPLAINT**

2. Interested parties who believe that the Postal Service is charging rates that do not conform to the policies set out in the Postal Reorganization Act may lodge a complaint with the Commission. 39 U.S.C. § 3662.

3. On December 5, 2000, the Governors of the Postal Service allowed, with certain exceptions, the opinion and recommended decision of the Commission in Docket No. R2000-1 to take effect under protest. The Governors set an implementation date of January 7, 2001, for the new rates.

4. On January 7, 2001, the Postal Service implemented a rate of \$3.50 for Priority Mail weighing up to one pound, \$3.95 for Priority Mail weighing more than one pound but not more than two pounds, and \$3.95 for Priority Mail flat-rate envelopes.

5. On December 5, 2000, the Governors of the Postal Service rejected the Commission's recommendation in Docket No. R2000-1 for a classification

change of DMCS § 223.5 to charge the one-pound rate, rather than the two-pound rate, for Priority Mail flat-rate envelopes.

6. As a basis for rejecting this classification change, the Postal Service contended that this classification change was not examined on the record.

### **One-Pound and Two-Pound Rates**

7. In Docket No. R2000-1, the Postal Service requested a rate of \$3.45 for Priority Mail weighing up to one pound and \$3.85 for Priority Mail weighing more than one pound but not more than two pounds.

8. In recommending a rate of \$3.50 for Priority Mail weighing up to one pound and \$3.95 for Priority Mail weighing more than one pound but not more than two pounds, the Commission explained that "application of the one-pound rate to the flat-rate envelopes leads to the development of recommended one-pound and two-pound rates that are slightly higher than they might be if the two-pound rate were retained [for flat-rate envelopes]." PRC Op. R2000-1 at 325, ¶ 5355. However, the Postal Service ultimately elected not to apply the one-pound rate to flat-rate envelopes.

9. No participant in Docket No. R2000-1, including the Postal Service, recommended or otherwise advocated for a one-pound rate for Priority Mail of \$3.50 or a two-pound rate for Priority Mail of \$3.95.

10. The record in Docket No. R2000-1 did not include substantial record evidence supporting a one-pound rate for Priority Mail of \$3.50 or a two-pound rate for Priority Mail of \$3.95 in conjunction with a \$3.95 rate for flat-rate envelopes.

11. The Commission did not recommend a one-pound rate for Priority Mail of \$3.50 and a two-pound rate for Priority Mail of \$3.95 in conjunction with a \$3.95 rate for flat-rate envelopes.

12. The Postal Service could have requested reconsideration of the Priority Mail one-pound and two-pound rates on December 20, 2000, when it filed its Memorandum of the United States Postal Service on Reconsideration and Request for Extension, but it did not.

13. The Postal Service did not respond to my letter dated December 8, 2000, explaining the problem and asking whether the Postal Service would consider requesting that the Commission adjust the one-pound and two-pound Priority Mail rates downward. Exhibit 1.

14. Given the Governors' rejection of the classification change to apply the one-pound rate to flat-rate envelopes, the \$3.50 Priority Mail one-pound rate and the \$3.95 Priority Mail two-pound rate that the Postal Service implemented do not conform to section 3622 of the Postal Reorganization Act because these rates are not fair and they are not sufficiently aligned with costs.

#### **Flat-Rate Classification Change**

15. In Docket No. R2000-1, the Postal Service requested a rate of \$3.85 for Priority Mail flat-rate envelopes, the rate that also would apply to Priority Mail weighing more than one pound but not more than two pounds.

16. Most flat-rate envelopes (approximately 77 percent) weigh one pound or less.

17. Now that a one-pound rate exists, customer confusion will result when the Postal Service implements a one-pound Priority Mail rate but applies the two-pound rate to flat-rate envelopes.

18. The current rate and classification for the flat-rate envelope do not conform to sections 3622 and 3623 of the Postal Reorganization Act because the \$3.95 rate is not fair and equitable, is not sufficiently aligned with costs, and may have a negative effect on users of the mail.

## SUMMARY

19. The following table summarizes the Priority Mail rates at issue:

Weight/Category	Postal Service Request	Commission Recommendation	Postal Service Implementation
Up to One Pound	\$3.45	\$3.50	\$3.50
Over One Pound, Not More Than Two Pounds	\$3.85	\$3.95	\$3.95
Flat-Rate Envelope	\$3.85	\$3.50	\$3.95

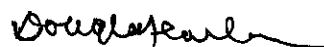
## CLASS OF PERSONS AFFECTED

20. Postal customers nationwide such as I who send Priority Mail flat-rate envelopes, Priority Mail weighing up to one pound, and Priority Mail weighing up to two pounds are paying rates that are inconsistent with the policies of the Postal Reorganization Act.

## STATEMENT OF RELIEF REQUESTED

21. Pursuant to 39 U.S.C. § 3662, I request that the Commission issue a recommended decision that recommends a rate of \$3.45 for Priority Mail weighing up to one pound and \$3.85 for Priority Mail weighing more than one pound but not more than two pounds. In the alternative, I request that the Commission hold a hearing and then issue a recommended decision that recommends a classification change to charge the one-pound rate for Priority Mail flat-rate envelopes.

Respectfully submitted,



Dated: January 8, 2001

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DOUGLAS F. CARLSON

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the Postal Service in accordance with section 12 of the *Rules of Practice*.



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DOUGLAS F. CARLSON

January 8, 2001  
Santa Cruz, California

# EXHIBIT 1

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PO Box 7868  
Santa Cruz CA 95061-7868  
December 8, 2000

Mr. Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking  
United States Postal Service  
475 L'Enfant Plz SW Rm 6536  
Washington DC 20260-1137

Dear Mr. Foucheaux:

In its request for an opinion and recommended decision in Docket No. R2000-1, the Postal Service requested a rate of \$3.45 for Priority Mail weighing up to one pound, and a rate of \$3.85 for Priority Mail weighing more than one pound but not more than two pounds. The Postal Service requested a rate of \$3.85 for Priority Mail flat-rate envelopes.

In its opinion and recommended decision, the Postal Rate Commission recommended a classification change to charge the one-pound rate for Priority Mail flat-rate envelopes. In addition, at ¶ 5355, the Commission recommended a five-cent increase in the one-pound rate and a 10-cent increase in the two-pound rate to compensate for application of the one-pound rate to flat-rate envelopes. Accordingly, the Commission recommended a rate of \$3.50 for one-pound Priority Mail and \$3.95 for two-pound Priority Mail.

On December 5, 2000, the governors of the Postal Service rejected the Commission's recommended classification change for flat-rate envelopes. However, the governors accepted the Commission's elevated recommended rates for one-pound and two-pound Priority Mail.

In my evaluation of the Commission's opinion, application of the one-pound rate to flat-rate envelopes was a condition precedent for recommending \$3.50 for one-pound Priority Mail and \$3.95 for two-pound Priority Mail, rather than the rates that the Postal Service requested. With the Postal Service rejecting the one-pound rate for flat-rate envelopes, the one-pound and two-pound Priority Mail rates should be lower than \$3.50 and \$3.95, respectively.

When the Postal Service returns this case to the Commission for reconsideration, will the Postal Service consider requesting that the Commission adjust the one-pound and two-pound Priority Mail rates downward?

Thank you for your consideration.

Sincerely,



Douglas F. Carlson